

BILL ANALYSIS

Senate Research Center

S.B. 750
By: Bivins
Economic Development
3-5-97
As Filed

DIGEST

Currently, a nonresident insurance agent, who originates property and casualty insurance covering a Texas resident or property located in Texas, must obtain the countersignature of a Texas insurance agent on the policy of insurance. This bill eliminates the countersignature requirement if the state of domicile of the nonresident insurance agent does not require a countersignature.

PURPOSE

As proposed, S.B. 750 authorizes nonresident insurers to directly do business in this state if the insurers' license requirements from another state are substantially equivalent to those of Texas, and sets forth related guidelines.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 5, Article 21.11, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 21.11, Insurance Code, as follows:

Art. 21.11. New heading: NONRESIDENT AGENT

Sec. 1. NONRESIDENT AGENT LICENSE. Requires the Department of Insurance (department), notwithstanding Sections 3(a) and (b), Article 21.14, Insurance Code, to license a person who is not a resident of this state to act as a local recording agent in accordance with Article 21.14, subject to the limitations of this article. Provides that an applicant for issuance of a license under this section must meet the requirements for issuance of a license under Article 21.14, except that the department is required to waive any license requirement for an applicant with a valid license from another state or jurisdiction that has license requirements substantially equivalent to those of this state.

Sec. 2. RIGHTS OF LICENSE HOLDER. Provides that a license issued under this article to an individual who is not a resident of this state grants the same rights and privileges afforded under a license under Article 21.14. Prohibits a person who holds a license issued under this article from soliciting insurance business in this state by any method, including oral, written, or electronic communication. Requires the commissioner of insurance (commissioner) to impose on a resident of another state or jurisdiction who is an applicant for a license or a holder of a license issued under this article certain requirements or restrictions of the nonresident's state relating to insurance agents. Defines "requirement or restriction."

Sec. 3. LIMITATIONS. Provides that this article does not permit any person or firm licensed solely as a broker in the person's or firm's state of residence to be granted a license under this article. Provides that this article does not permit a holder of a license issued under this article to act as a surplus lines agent under Article 1.14-2, Insurance Code, or to perform any of the acts permitted under Article 1.14-2. Provides that this article does not permit any person or firm who holds license issued under this article to engage in any form of direct solicitation of

insurance within this state. Requires the commissioner to revoke a license issued under this article if the commissioner finds that the license was obtained or is being used for the purpose of transacting insurance through a local recording agent in a manner that permits the individual licensed under this article, by subterfuge, to transact insurance as a local recording agent. Requires the commissioner, in similar circumstances, to revoke the license of the affected local recording agent. Provides that a license revoked under this section is not subject to reissuance. Requires the commissioner to order that any insurance transacted under an arrangement described by Subsection (b) be cancelled. Deletes previous provisions relating to licensed nonresident insurance agents under Article 21.11, Insurance Code. Makes conforming and nonsubstantive changes.

Sec. 4. HOME OFFICE EMPLOYEE. Provides that this article does not affect the authority established under Section 20, Article 21.14, Insurance Code, of an actual full-time home office salaried employee of an insurance carrier licensed to do business in this state.

Sec. 5. RULES. Authorizes the commissioner to adopt rules to implement this article.

SECTION 2. Repealer: Article 21.09, Insurance Code (Resident Agents, Companies Excepted).

SECTION 3. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 4. Emergency clause.